

ORDINANCE #27-23

**AN ORDINANCE OF THE BOROUGH OF SAYREVILLE, COUNTY OF MIDDLESEX,
STATE OF NEW JERSEY AUTHORIZING AND APPROVING A FINANCIAL
AGREEMENT BETWEEN THE BOROUGH OF SAYREVILLE AND 1970 NJ RT 35
URBAN RENEWAL, LLC, FOR A THIRTY-YEAR PAYMENT IN LIEU OF TAXES
PROGRAM FOR THE PROPERTY KNOWN AS BLOCK 425, LOT 2.02
ALSO KNOWN 1970 ROUTE 35, BOROUGH OF SAYREVILLE, PURSUANT TO THE
LONG-TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 et seq.**

WHEREAS, August 15, 2023 the Borough Council of the Borough of Sayreville adopted **Ordinance No. 23-22** establishing a redevelopment plan, after the appropriate and legally required referral to the Sayreville Planning Board, for the **“1970 Route 35 Redevelopment Plan, Borough of Sayreville, Middlesex County, NJ”** within the Borough Sayreville; and

WHEREAS, 1970 NJ RT 35 Urban Renewal, LLC, (the “Entity”) is an urban renewal entity, formed and qualified to do business under the provisions of the Long-Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq.; and

WHEREAS, the Entity and/or its affiliates owns or is under contract to purchase certain parcels consisting of approximately 3.172 acres of land which is designated on the official tax map of the Borough of Sayreville as Block 425, Lot 2.02 with a street address of 1970 Route 35, Borough of Sayreville, Middlesex County, New Jersey (the “Project Premises”); and

WHEREAS, the Project Premises is located within “1970 Route 35 Redevelopment Plan, Borough of Sayreville, Middlesex County, NJ May 20, 2022,” as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g) and redevelopment of these parcels of property is controlled by the terms and conditions of the aforementioned within the Borough Sayreville; and

WHEREAS, the Entity made application for a thirty (30) year long term payment in lieu of tax (PILOT; or tax exemption) to enable the construction and financing of the following: (1) a 3-story self-storage building totaling approximately 120,699 square feet gross building area (90,675 SF leasable area) with a 36-foot maximum height; and, (2) a 1-story self-storage building with 9,463 square feet in gross building area (8,950 SF leasable area) with a 14 foot maximum height (collectively referred to as the “Redevelopment Project”); and

WHEREAS, the Entity has agreed to pay an annual service charges (also known as a payment in lieu of taxes; PILOT) for the overall redevelopment project of 12% of the Annual Gross Revenues as defined in the Long Term Tax Exemption Law and described in the proposed Financial Agreement attached to the Entity’s Application for Long Term Tax Exemption (attached hereto as **Exhibit “A”**); said annual service charge shall also be applicable to future owners of the project premises until the PILOT terminates; and

NOW, THEREFORE BE IT ORDAINED, by the Borough Council of the Borough of Sayreville that the benefits of this important redevelopment project, after giving due consideration to the PILOT revenues (annual service charge), include the following:

1. The real estate taxes for the Project Premises generated revenue for the Borough of Sayreville for the tax year 2022, the year immediately preceding the adoption of the redevelopment plan, were \$65,436.55.
2. The Annual Service Charge as estimated will generate the approximate amount of revenue of \$250,200 per annum to the Borough of Sayreville;
3. This Project will stabilize and contribute to the economic growth of the Borough of Sayreville by stabilizing this redevelopment area;
4. This Redevelopment Project will further the overall redevelopment objectives of the Borough of Sayreville;
5. The Borough's impact analysis on file with the Office of the Borough Clerk, indicates that the benefits of this proposed redevelopment project outweigh the costs to the Borough of Sayreville; and

BE IT FURTHER ORDAINED that the Borough of Sayreville hereby determines that the PILOT, long-term tax exemption, is critical to the development of the project and influencing the location of the proposed Redevelopment Project:

- The Project will provide self-storage space in the Borough, along with the renewal and revitalization of the Redevelopment Area; and
- The Borough will benefit from the creation of approximately ninety (90) temporary construction jobs and approximately thirteen (13) permanent jobs; and
- Without the Tax Exemption granted herein, it is highly unlikely that the Entity would have proceeded with the Project; and
- The relative stability and predictability of the PILOT, annual service charge, will make the project financially viable to the designated Redeveloper; and
- The relative stability and predictability of the PILOT annual service charge will allow both the Borough and the Entity to stabilize their operating budgets, allowing for a high level of investment in the project and required improvements over the life of the project, which will ensure the likelihood of the success of the project.

BE IT FURTHER ORDAINED, that the application of 1970 NJ RT 35 Urban Renewal , LLC, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented by N.J.S.A. 40A:20-1 et seq., on file in the office of the Borough Clerk, for Tax Block 425, Lot 2.02 with a street address of 1970 Route 35, Borough of Sayreville, Middlesex County, New Jersey, is hereby approved and that the Mayor or proper Borough Officials are hereby authorized to execute a PILOT-Long-Term Tax Exemption-Financial Agreement which shall include at a minimum the following terms and conditions:

Term: A term of thirty (30) years from the adoption of this Ordinance, or thirty (30) years as stipulated in the Financial Agreement;

P.I.L.O.T.: Individual Payments In Lieu of Taxes shall be established for this Redevelopment project and shall be calculated at approximately twelve (12.0%) percent of the Annual Gross Revenues; with applicable staged increases;

The Financial Agreement: shall be substantially in the form on file in the office of the Borough Clerk, subject to such negotiated modifications as the Mayor Borough Attorney, and/or the Business Administrator deems appropriate or necessary.

BE IT FURTHER ORDAINED, that all Ordinances and parts of Ordinances inconsistent herewith are hereby repealed and that this Ordinance shall take effect in the manner provided by law.

INTRODUCED/APPROVED ON FIRST READING

DATED: July 17, 2023

Jessica Morelos, R.M.C.
Clerk of the Borough of Sayreville

Daniel Balka, Councilman
(Admin. & Finance Committee)
Borough of Sayreville

ADOPTED ON SECOND READING

DATED: August 21, 2023

Jessica Morelos, R.M.C.
Clerk of the Borough of Sayreville

Daniel Balka, Councilman
(Admin. & Finance Committee)
Borough of Sayreville

APPROVAL BY THE MAYOR ON THIS _____ DAY OF _____, 2023.

Victoria Kilpatrick, Mayor
Borough of Sayreville

APPROVED AS TO FORM:

SEAN KEAN, ESQ., Borough Attorney